RBI guidelines on loan melas

2804. SHRI SUKOMAL SEN:
SHRIMATI KANAK MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) what are the Reserve Bank of India guidelines and directives on loan melas by nationalised banks; and

(b) whether there has been any violation of the same by any bank in the last three years, if so, what are the details thereof?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) The Reserve Bank of India (RBI) has not issued any separate set of guidelines in respect of loans to be sanctioned and disbursed in credit camps.

(b) Does not arise.

2905. [Transferred to the 25th *March*, 1988]

Evasion of customs duty on pig iron imported by a Calcutta-based firm

2806. SHRI B. SATYANARAYAN REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether the Customs officials at Kandla port have taken any action against a Calcutta based export firm for evasion of Customs duty on imported pig iron and for selling the imported pig iron; and

(b) if so, what are the details in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): (a) and (b) Yes, Sir. A case of gross abuse of the provisions of Duty Exemption Entitlement Scheme has been detected by the coordinated action of the staff attached to Collectorate of Customs (Prev.), Ahmedabad and the Customs officials at Kandla Port. A Calcutta based firm, namely, M/s. Kajaria Exports Limited had imported against an Advance Licence 5943.27 MT of pig iron in September, 1987 through Kandla port and got orders for its duty-free clearance from the Custom House. The pig iron was cleared in various lots from the docks at Kandla and instead of using it for export production through its five supporting manufacturers as declared in the Advance Licence, the same was diverted for home consumption and sold to various parties situated at Ahmedabad and other parts of Saurashtra.

In the various searches that were carried out by the Department as a follow-up action on intelligence received incriminating documents and a substantial quantity of pig iron cleared duty-free and disposed of in violation of the provisions of the Duty Exemption Entitlement Scheme were recovered and seized. 3197.9 MT of pig iron which was still lying in the docks at Kandla pending clearance by the firm was also seized as the firm appeared to have plans for similar disposal. The President of the Company was arrested in December, 1987, and later released on bail. It has been revealed during investigations that two of the supporting manufacturers declared by the firm were even non-existent and the remaining three had not entered into any agreement with the aforesaid firm.

The firm has already paid up duty amounting to about Rs. 39.87 lakhs and interest amounting to about Rs. 2.05 lakhs for the pig iron which had been sold after clearance from the docks.